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**Rules of  
Department of Revenue  
Division 10—Director of Revenue  
Chapter 9—Corporation Franchise Tax**

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**Title 12—DEPARTMENT OF  
REVENUE**

**Division 10—Director of Revenue  
Chapter 9—Corporation Franchise Tax**

**12 CSR 10-9.010 Corporation Franchise  
Tax Form**

(Rescinded January 13, 1983)

*AUTHORITY: section 536.022, RSMo Supp. 1981. Original rule filed Dec. 22, 1975, effective Jan. 2, 1976. Rescinded: Filed Oct. 13, 1982, effective Jan. 13, 1983.*

**12 CSR 10-9.100 Forms for Franchise Tax**

(Rescinded July 30, 2018)

*AUTHORITY: section 147.120.9, RSMo Supp. 1995. This rule previously filed as 15 CSR 30-150.010. Original rule filed April 13, 1989, effective July 13, 1989. Amended: Filed Nov. 2, 1989, effective March 11, 1990. Changed to 12 CSR 10-9.100, effective Jan. 1, 2000. Rescinded: Filed Jan. 26, 2018, effective July 30, 2018.*

**12 CSR 10-9.110 Form: Request for Ex-  
tension of Time to File**

(Rescinded July 30, 2018)

*AUTHORITY: section 147.120.9, RSMo Supp. 1995. This rule previously filed as 15 CSR 30-150.020. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.110, effective Jan. 1, 2000. Rescinded: Filed Jan. 26, 2018, effective July 30, 2018.*

**12 CSR 10-9.120 Form: Request for Fran-  
chise Tax Clearance**

(Rescinded July 30, 2018)

*AUTHORITY: section 147.120.9, RSMo Supp. 1995. This rule previously filed as 15 CSR 30-150.030. Original rule filed Sept. 29, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.120, effective Jan. 1, 2000. Rescinded: Filed Jan. 26, 2018, effective July 30, 2018.*

**12 CSR 10-9.130 Form: Authorization for  
Release of Confidential Information**

(Rescinded July 30, 2018)

*AUTHORITY: section 147.120.9, RSMo Supp. 1995. This rule previously filed as 15 CSR 30-150.040. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.130, effective Jan. 1, 2000.*

*Rescinded: Filed Jan. 26, 2018, effective July 30, 2018.*

**12 CSR 10-9.140 General**

*PURPOSE: This rule sets out general information regarding the rules in this chapter.*

(1) The rules in this chapter are promulgated under the authority of subsection 147.120.9, RSMo. They are intended to supplement Chapter 147, RSMo and to aid the reader in interpreting the law. Nothing herein should be construed to supersede any provision of Chapter 147, RSMo.

(2) The rules in this chapter are not intended to supersede any agreements between individual taxpayers and the state of Missouri existing as of the effective dates of the rules.

*AUTHORITY: section 147.120.9, RSMo Supp. 1995.\* This rule previously filed as 15 CSR 30-150.110. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.140, effective Jan. 1, 2000.*

*\*Original authority: 147.120.9, RSMo 1939, amended 1943, 1945, 1969, 1979, 1982, 1983, 1987, 1992, 1995.*

**12 CSR 10-9.150 Definitions**

*PURPOSE: This rule sets out definitions for use with the rules in this chapter.*

(1) The terms listed in this section are defined as follows unless the context clearly indicates a contrary meaning:

(A) Surplus—total assets without regard to liabilities. See, *State ex rel. Marquette Hotel Investment Co. v. State Tax Comm.*, 221 SW 721 (Mo. banc 1920);

(B) Taxpayer—a foreign or domestic corporation subject to the provisions of Chapter 147, RSMo;

(C) Subsidiary—corporation, more than fifty percent (50%) of whose voting stock is owned by the taxpayer;

(D) Domestic corporation—a corporation organized under the laws of the state of Missouri. The term “domestic corporation” does not include: an unincorporated sole proprietorship, a partnership, a limited partnership, a limited liability company, a limited liability partnership, a trust or a municipal corporation;

(E) Foreign corporation—a corporation organized under the laws of any state other than Missouri, the District of Columbia, any territory or possession of the United States, or any foreign country, whether operating

under a certificate of authority to transact business in Missouri or not. The term “foreign corporation” does not include: an unincorporated sole proprietorship, a partnership, a limited partnership, a limited liability company, a trust, a business trust or a municipal corporation;

(F) Secretary of state—the secretary of state of the state of Missouri or his/her delegate(s); and

(G) Capital stock and surplus—the greater of—

1. The par value of a corporation’s issued and outstanding shares (shares without par are valued at five dollars (\$5)); or

2. A corporation’s surplus as defined in subsection (1)(A) of this rule. See, *Boatmen’s Bancshares v. Director of Revenue*, 757 SW2d 574 (Mo. banc 1988).

*AUTHORITY: section 147.120.9, RSMo Supp. 1995.\* This rule previously filed as 15 CSR 30-150.120. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.150, effective Jan. 1, 2000.*

*\*Original authority: 147.120.9, RSMo 1939, amended 1943, 1945, 1969, 1979, 1982, 1983, 1987, 1992, 1995.*

**12 CSR 10-9.160 Exceptions**

*PURPOSE: This rule sets out the policy of the Office of the Secretary of State regarding corporations excepted from the franchise tax under Chapter 147, RSMo.*

(1) The following types of corporations are excepted from franchise tax and should so indicate in their corporation annual report to the secretary of state:

(A) Corporations with capital stock and surplus not in excess of two hundred thousand dollars (\$200,000);

(B) Corporations not organized or operated for profit. In order for a corporation to be considered not organized for profit, it must be—

1. Incorporated under Chapter 355 or 352, RSMo, or, if a foreign corporation, operating under a certificate of authority issued under Chapter 355, RSMo; and

2. Operated not for the profit of any individual. See, *Citizen’s Electric Corp. v. Director of Revenue*, 766 SW2d 450 (Mo. banc 1989). The fact that a corporation is organized under the laws of a state or country which does not have a statute similar to Chapter 355, RSMo, shall not prevent it from qualifying for this exception;

(C) Express Companies. An express company is a common carrier governed by the provisions of sections 390.180–390.240,



RSMo (1978) (repealed);

(D) Insurance companies which now pay an annual tax on premium receipts in this state. See, Chapter 148, RSMo (1994).

(E) Telephone or electric companies organized before 1980 under Chapter 351, RSMo that are exempt from federal taxation under section 501(c)(3) of the *Internal Revenue Code*; and

(F) Banking institutions subject to the banking institutions franchise tax. See, Chapter 148, RSMo.

*AUTHORITY: section 147.120.9, RSMo Supp. 1995.\* This rule previously filed as 15 CSR 30-150.130. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.160, effective Jan. 1, 2000.*

*\*Original authority: 147.120.9, RSMo 1939, amended 1943, 1945, 1969, 1979, 1982, 1983, 1987, 1992, 1995.*

#### 12 CSR 10-9.170 Tax Year

*PURPOSE: This rule sets out the policy of the Office of the Secretary of State regarding the tax year for franchise tax purposes.*

(1) A corporation's franchise tax year shall begin on the same day as its tax year for federal income tax purposes, except that in its initial year of incorporation, or if a foreign corporation, its first year of qualification to do business in Missouri, its tax year shall be deemed to begin on the first day of incorporation or qualification to do business in Missouri. The corporation's first franchise tax report shall be due on the fifteenth day of the fourth month after the date of incorporation or qualification. The corporation shall notify the secretary of state on its first corporate annual report if its tax year begins on a day other than its date of incorporation or qualification. Thereafter, its franchise tax report will be due on the fifteenth day of the fourth month of its tax year.

(2) A corporation may file a franchise tax report for a period of less than one (1) year (a short period) under the following circumstances:

(A) The corporation notifies the secretary of state that the beginning of its fiscal year is different from its date of incorporation or qualification as described in section (1) of this rule; or

(B) The corporation notifies the secretary of state that it has changed its fiscal year for federal income tax purposes; or

(C) The corporation merges with another corporation and ceases its separate corporate existence on a date other than the last day of

its fiscal year; or

(D) The corporation obtains a certificate of termination pursuant to section 351.522, RSMo, on a date other than the last day of its fiscal year; or

(E) A foreign corporation obtains a certificate of withdrawal pursuant to section 351.596, RSMo, on a date other than the last day of its fiscal year.

(3) If a short period report must be filed because of subsection (2)(A) or (B) of this rule, the report shall be based on the financial condition of the corporation on the first day of its new fiscal year as reported to the secretary of state. The tax due shall be prorated for the number of months between the end of the corporation's tax year in the records of the secretary of state and the beginning of its new tax year as reported to the secretary of state.

(4) If a short period report must be filed because of subsection (2)(C), (2)(D) or (2)(E) of this rule, the report shall be based on the financial condition of the corporation on the first day of the tax year in which it ceases its separate corporate existence or obtains a certificate of termination or obtains a certificate of withdrawal. The tax due shall be prorated for the number of months between the end of the corporation's tax year and the date the corporation ceases its separate corporate existence or obtains a certificate of termination or obtains a certificate of withdrawal. If the date the corporation ceases its separate corporate existence or obtains a certificate of termination or obtains a certificate of withdrawal falls on or before the fifteenth day of the month, that month shall not be included in the calculation. If the date the corporation ceases its separate corporate existence or obtains a certificate of termination or obtains a certificate of withdrawal falls after the fifteenth day of the month, that month shall be included in the calculation as a full month. Taxes due for a short period under subsection (2)(C), (2)(D) or (2)(E) of this rule must be reported and paid prior to the date of the corporation ceases its separate corporate existence or obtains a certificate of termination or obtains a certificate of withdrawal.

(5) In no event may a franchise tax report be prorated for a partial month.

(6) No corporation may file a short period report based solely on the filing of a petition under the bankruptcy laws of the United States.

(7) Examples.

(A) Example 1: XYZ Corporation files its Articles of Incorporation with the Missouri secretary of state on June 1. The secretary of state assigns XYZ Corporation a fiscal year beginning June 1 and ending May 31. The initial franchise tax report (and corporation annual report) are due September 15. On its initial corporation annual report, XYZ Corporation notifies the secretary of state that its tax year will be a calendar year. XYZ Corporation prepares its initial franchise tax report based on its financial condition on June 1, and prorates its payment for the period June 1 through December 31. Its next franchise tax filing is due on April 15 for the calendar year. Each succeeding year's report is due on April 15.

(B) Example 2: ABC Corporation and DEF, Inc. intend to merge effective April 12. Both are calendar year taxpayers. DEF, Inc. will be the survivor and ABC Corporation will cease to exist as a separate corporation on April 12. ABC must pay its franchise tax on or before the merger date based on its January 1 financial condition, prorated for three (3) months (total tax for year times 3/12). DEF's franchise tax report, and tax for the full year is due on or before April 15. Note: If the merger date were changed to April 18, ABC's franchise tax would be prorated for four (4) months.

*AUTHORITY: section 147.120.9, RSMo Supp. 1997.\* This rule previously filed as 15 CSR 30-150.140. Original rule filed Sept. 18, 1995, effective March 30, 1996. Amended: Filed Oct. 21, 1998, effective April 30, 1999. Changed to 12 CSR 10-9.170, effective Jan. 1, 2000.*

*\*Original authority: 147.120, RSMo 1939, amended 1943, 1945, 1969, 1979, 1982, 1983, 1987, 1992, 1995.*

#### 12 CSR 10-9.180 Payment

*PURPOSE: This rule sets out the policy of the Office of the Secretary of State regarding payment of franchise tax.*

(1) Payment shall be made in United States funds. Checks shall be made payable to the Missouri Director of Revenue.

*AUTHORITY: section 147.120.9, RSMo Supp. 1995.\* This rule previously filed as 15 CSR 30-150.150. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.180, effective Jan. 1, 2000.*

*\*Original authority: 147.120.9, RSMo 1939, amended 1943, 1945, 1969, 1979, 1982, 1983, 1987, 1992, 1995.*



### 12 CSR 10-9.190 Information Confidential, Exceptions

(Rescinded July 30, 2018)

*AUTHORITY: section 147.120.9, RSMo Supp. 1995. This rule previously filed as 15 CSR 30-150.160. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.190, effective Jan. 1, 2000. Rescinded: Filed Jan. 26, 2018, effective July 30, 2018.*

### 12 CSR 10-9.200 Report, Contents, Date Due

*PURPOSE: This rule sets out the policy of the Office of the Secretary of State regarding the franchise tax report.*

(1) Each corporation liable for the franchise tax prescribed in Chapter 147, RSMo, shall file a franchise tax report on such form as prescribed by the secretary of state.

(2) Contents of Report.

(A) Par value of issued and outstanding shares (line 1) shall be listed at par as stated in the taxpayer's Articles of Incorporation. If the taxpayer's shares have no par value, issued and outstanding shares shall be valued at five dollars (\$5) per share.

(B) The taxpayer must submit a balance sheet prepared in conformity with the books and records of the taxpayer as of the beginning of business on the first day of its tax year. The taxpayer's submission of Schedule L of IRS Form 1120 or Part 2 of IRS Form 1120A, and supporting schedules, shall satisfy the requirement for submitting a balance sheet.

(C) Assets invested in or advanced to subsidiary corporations (line 2b) are considered to be employed by the subsidiary. Any portion of a corporation's surplus so invested may be deducted from its tax base on line 2b of the franchise tax form, with the following conditions: a) The corporation claiming the deduction must own more than fifty percent (50%) of the voting stock of the subsidiary, and b) The subsidiary must be a corporation.

(D) Assets advanced "upward" from a subsidiary to a parent may be deducted under the same conditions applicable to advances from parent to subsidiary. Cross-company advances may be deducted with the following conditions:

1. The entities involved in the transaction must be connected in an uninterrupted chain of ownership of more than fifty percent (50%) of voting stock; and

2. Both the entity claiming the deduction and the entity receiving the advance must be

corporations; and

3. All of the entities connecting the corporations involved in the transaction must be corporations; and

4. The deduction may only be taken on one (1) corporation's franchise tax report.

(E) A corporation having assets employed both within and without Missouri shall calculate the percentage of its assets attributable to Missouri on lines 3a through 3d and 4.

1. Accounts Receivable (line 3a). All notes, accounts and contracts receivable that are based on Missouri destination sales shall be included as Missouri assets. Receivables not derived from sales must be included as Missouri assets if the borrower is located in Missouri. If exact figures for Missouri receivables are not kept in the books and records of the taxpayer, the taxpayer may multiply its Missouri destination sales percentage by its total accounts receivable. Any inter-company receivables deducted on line 2b shall not be included in line 3a. Receivables must be reported net of allowance for bad debts.

2. Inventories (line 3b). All inventories owned by the taxpayer and physically located within Missouri shall be included as Missouri assets. The value and ownership of inventories shall be determined by the methods used for federal and Missouri state income tax purposes.

3. Land and Fixed Assets (line 3c). Land and fixed assets shall be valued at historical cost less accumulated depreciation. All land and fixed assets, including construction in progress, owned by the taxpayer and located in Missouri shall be included as Missouri assets.

4. A corporation may, upon prior written approval by the secretary of state and for good cause shown, file its franchise tax report using an alternate method of apportionment that fairly reflects the "proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located" (section 147.010, RSMo). To obtain approval of an alternative method of apportionment, the taxpayer shall submit a written request to use such a method. This request shall be submitted to the secretary of state prior to the due date of the report and shall include an explanation of the corporation's need to use an alternative method of apportionment and an explanation of the alternative method. The request shall be accompanied by detailed financial statements reflecting the corporation's assets employed in Missouri and all assets wherever located. Such statements shall include a balance sheet prepared in conformity with the books and

records of the corporation, as prescribed by section (2), subsection (B) of this regulation.

(3) The franchise tax report and payment are due on or before the fifteenth day of the fourth month of the corporation's tax year as defined in 15 CSR 30-150.140.

*AUTHORITY: section 147.120.9, RSMo Supp. 1997.\* This rule previously filed as 15 CSR 30-150.170. Original rule filed Sept. 28, 1995, effective March 30, 1996. Amended: Filed Oct. 21, 1998, effective April 30, 1999. Changed to 12 CSR 10-9.200, effective Jan. 1, 2000.*

*\*Original authority: 147.120.9, RSMo 1939, amended 1943, 1945, 1969, 1979, 1982, 1983, 1987, 1992, 1995.*

### 12 CSR 10-9.210 Extension of Time to File

(Rescinded July 30, 2018)

*AUTHORITY: section 147.120.9, RSMo Supp. 1995. This rule previously filed as 15 CSR 30-150.180. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.210, effective Jan. 1, 2000. Rescinded: Filed Jan. 26, 2018, effective July 30, 2018.*

### 12 CSR 10-9.220 Audits

(Rescinded July 30, 2018)

*AUTHORITY: section 147.120.9, RSMo Supp. 1995. This rule previously filed as 15 CSR 30-150.190. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.220, effective Jan. 1, 2000. Rescinded: Filed Jan. 26, 2018, effective July 30, 2018.*

### 12 CSR 10-9.230 Assessments

(Rescinded July 30, 2018)

*AUTHORITY: section 147.120.9, RSMo Supp. 1995. This rule previously filed as 15 CSR 30-150.200. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.230, effective Jan. 1, 2000. Rescinded: Filed Jan. 26, 2018, effective July 30, 2018.*

### 12 CSR 10-9.240 Final Determinations, Hearings

(Rescinded July 30, 2018)

*AUTHORITY: section 147.120.9, RSMo Supp. 1995. This rule previously filed as 15 CSR 30-150.210. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to*



12 CSR 10-9.240, effective Jan. 1, 2000. Rescinded: Filed Jan. 26, 2018, effective July 30, 2018.

**12 CSR 10-9.250 Review by the Administrative Hearing Commission**  
(Rescinded July 30, 2018)

*AUTHORITY:* section 147.120.9, RSMo Supp. 1995. This rule previously filed as 15 CSR 30-150.220. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.250, effective Jan. 1, 2000. Rescinded: Filed Jan. 26, 2018, effective July 30, 2018.

**12 CSR 10-9.260 Overpayments**  
(Rescinded July 30, 2018)

*AUTHORITY:* section 147.120.9, RSMo Supp. 1995. This rule previously filed as 15 CSR 30-150.230. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.260, effective Jan. 1, 2000. Rescinded: Filed Jan. 26, 2018, effective July 30, 2018.

**12 CSR 10-9.270 Amended Reports**  
(Rescinded July 30, 2018)

*AUTHORITY:* section 147.120.9, RSMo Supp. 1995. This rule previously as 15 CSR 30-150.240. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.270, effective Jan. 1, 2000. Rescinded: Filed Jan. 26, 2018, effective July 30, 2018.

**12 CSR 10-9.280 Limitations on Collection of Tax, Refunds**

*PURPOSE:* This rule sets out the policy of the Office of the Secretary of State regarding limitations on collection of tax and refunds.

(1) Any notice of assessment of franchise tax due shall be mailed to the corporation within three (3) years after the report was filed, except that, if no report is filed, or a false and fraudulent report is filed, a notice assessment may be mailed at any time.

(2) Any claim for a refund shall be filed within two (2) years from the date of payment (see section 136.035, RSMo).

*AUTHORITY:* section 147.120.9, RSMo Supp. 1995.\* This rule previously filed as 15 CSR 30-150.250. Original rule filed Sept. 28,

1995, effective March 30, 1996. Changed to 12 CSR 10-9.280, effective Jan. 1, 2000.

*\*Original authority:*147.120.9, RSMo 1939, amended 1943, 1945, 1969, 1979, 1982, 1983, 1987, 1992, 1995.

**12 CSR 10-9.290 Compliance with the Americans with Disabilities Act**

*PURPOSE:* This rule sets out the policy of the Office of the Secretary of State regarding compliance with the Americans with Disabilities Act on the part of the franchise tax unit.

(1) If any person responsible for filing a franchise tax report on behalf of a corporation subject to the provisions of Chapter 147, RSMo, has a need addressed by the Americans with Disabilities Act, the secretary of state will make a reasonable accommodation. This includes, but is not limited to, providing copies of the forms, instructions and regulations in this chapter in an alternate format upon request.

*AUTHORITY:* section 147.120.9, RSMo Supp. 1995.\* This rule previously filed as 15 CSR 30-150.300. Original rule filed Sept. 28, 1995, effective March 30, 1996. Changed to 12 CSR 10-9.290, effective Jan. 1, 2000.

*\*Original authority:* 147.120.9, RSMo 1939, amended 1943, 1945, 1969, 1979, 1982, 1983, 1987, 1992, 1995.